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Valley and Butte fires cause an estimated \$1 billion in insurance losses

News: 2016 Press Release

For Release: January 25, 2016

Media Calls Only: 916-492-3566

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Valley and Butte fires cause an estimated \$1 billion in insurance losses

SACRAMENTO, Calif. — Two of the most destructive fires in California's history, the Valley and Butte Fires, ravaged nearly 150,000 acres in Northern California last fall and caused an estimated \$1 billion in insurance losses. The Valley fire pillaged 1,958 structures in Lake, Napa and Sonoma counties, resulting in approximately \$700 million in insured losses and making it the third most damaging wildfire in state history based on total structures burned. In terms of structures lost, the Butte Fire is the seventh most destructive fire to hit California, damaging 818 structures in Amador and Calaveras counties and causing an estimated \$300 million in insured losses.

"The Valley and Butte fires were sober reminders of the dangers residents can face in rural areas of the state," said Insurance Commissioner Dave Jones. "A year-round fire season is California's new reality. Residents and communities, especially those in high-risk fire areas, must take precautions now before the next devastating wildfire strikes."

Insurers impacted by the Butte and Valley fires are processing claims for residential and commercial structures, cars, personal property, farms and other items. However, the \$1 billion claim total does not include all surplus insurance line claims or damages to public infrastructure such as roads and utilities.

To date, insurers report they have received 5,600 claims, have paid out more than \$500 million overall, and expect to pay an additional \$500 million in anticipated future losses after all claims are received, processed and paid. Insurers are confident that all or most claims resulting from these fires have been reported, but should new claims be filed, these loss estimates may also increase.

Losses from these fires are not expected to impact insurance industry solvency in California. The department continues to monitor wildfire claims handling to ensure the claims are paid in a timely manner so homeowners, businesses and communities can rebuild and recover as quickly as possible.

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Media Notes:

- For residents having difficulty securing homeowners insurance, the [California Fair Access to Insurance Requirements \(FAIR\) Plan](#) provides basic property insurance to consumers unable to secure coverage in the voluntary market, especially in high-risk areas.
- Commissioner Jones issued an [Order](#) on January 20, 2016 directing the California FAIR Plan to make several changes to better ensure Californians have access to basic property insurance. The Order includes enhanced coverage options, eliminates the requirement that consumers prove they were rejected three times for standard insurance, provides greater access to brokers registered with the FAIR Plan, and included other improvements to ensure California consumers have access to property insurance under the FAIR Plan when standard insurers are not willing to provide coverage. The commissioner directed the Department of Insurance to review the FAIR Plan in the wake of the Valley

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The California Department of Insurance, established in 1868, is the largest consumer protection agency in California. Insurers collect \$310 billion in premiums annually in California. Since 2011 the California Department of Insurance received more than 1,000,000 calls from consumers and helped recover over \$469 million in claims and premiums. Please visit the Department of Insurance website at www.insurance.ca.gov. Non-media inquiries should be directed to the Consumer Hotline at 800.927.4357. Telecommunications Devices for the Deaf (TDD), please dial 800.482.4833.

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Estimate of Summary Loss Data Resulting from the Northern California Fires of 2015
Data as of June 2016

Residential Property

Fire	Total Number of Claims	Number of Claims that Resulted in Total Loss	Direct Incurred Loss
Butte	1,480	344	\$272,142,576
Valley	3,315	905	\$594,308,727
TOTAL	4,795	1,249	\$866,451,302

Commercial Property

Fire	Total Number of Claims	Number of Claims that Resulted in Total Loss	Direct Incurred Loss
Butte	110	11	\$21,582,142
Valley	208	22	\$120,776,256
TOTAL	318	33	\$142,358,398

Other Losses

Fire	Total Number of Claims	Direct Incurred Loss
Butte	313	\$6,395,649
Valley	747	\$126,864,307
TOTAL	1,060	\$133,259,957

Line of Business Summary

Line	Total Number of Claims	Number of Claims that Resulted in Total Loss	Direct Incurred Loss
Residential	4,795	1,249	\$866,451,302
Commercial	318	33	\$142,358,398
All Other Lines	1,060		\$133,259,957
TOTAL	6,173	1,282	\$1,142,069,657

The Northern California Wildfires consisted of 2 main fires. Butte fire began September 9th and the Valley fire began September 12th, 2015.